



STATE OF UTAH  
NATURAL RESOURCES  
Oil, Gas & Mining

Norman H. Bangerter, Governor  
Dee C. Hansen, Executive Director  
Dianne R. Nielson, Ph.D., Division Director

355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

June 7, 1985

ACI/007/013  
#5

Internal  
C0070013  
K

TO: Barbara W. Roberts, Assistant Attorney General,  
Attorney General's Office

FROM: Pamela Grubaugh-Littig, Reclamation Engineer *pgl*

RE: Kaiser Coal Corporation and the Requirements for a  
Self-Bond as Set Forth in UMC 800.23(B)

Attached is a copy of Kaiser Coal Corporation's  
proposal setting forth how they believe they meet the  
requirements of UMC 800.12(B).

This item has been scheduled for the Executive Session  
at the June Board Hearings.

Please call me about this.

btb  
Attachments  
9075R-30

**KAISER  
COAL**

KAISER COAL CORPORATION  
102 SOUTH TEJON STREET, SUITE 800 ■ P.O. BOX 2679  
COLORADO SPRINGS, COLORADO 80901-2679  
(303) 475-7005 ■ TELEX 289 909

*File ACT/007/013 #5*

*Copy to PAM*

**RECEIVED**

**JUN 05 1985**

**June 4, 1985  
HAND DELIVERED**

**DIVISION OF OIL  
GAS & MINING**

Mr. Lowell P. Braxton  
Administrator  
Mineral Resource Development and  
Reclamation Program  
Utah Division of Oil, Gas & Mining  
355 West North Temple  
III Triad Center.  
Salt Lake City, Utah 84180-1203

Dear Lowell:

By letter dated May 23, 1985, the Utah Division of Oil, Gas & Mining informed Kaiser Coal Corporation that the permanent reclamation bond estimate for the Geneva Mine was set at \$821,643.00 (1985 dollars). In satisfaction of the terms of that letter, Kaiser Coal Corporation respectfully requests the Division to accept the Company's self-bond in the amount of \$821,643.00.

Kaiser Coal Corporation (Applicant) meets the requirements for a self-bond as set forth in UMC 800.23B. as follows:

1. The law firm of Fabian & Clendenin, located at the following address is the Applicant's designated agent for service of process:  
  
Denise A. Dragoo, Esq.  
Fabian & Clendenin, P.C.  
Suite 1200  
215 South State Street  
Salt Lake City, Utah 84111-2309  
(801) 531-8900
2. The Applicant's parent company, Kaiser Steel Corporation, has been in continuous operation in Utah as a business entity operating the Sunnyside Coal Mine in Sunnyside, Utah, for more than thirty years.
3. The Applicant meets the financial criteria for self-bonding as set forth in the attached financial statement.

Mr. Lowell P. Braxton  
June 4, 1985  
Page Two

---

4. The Applicant's financial statement current to March 31, 1985, is attached. The accounting firm of Touche-Ross has been requested to provide an independent opinion of this financial statement which will be sent directly to the Division immediately upon receipt.

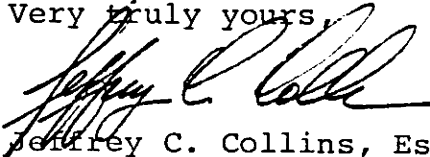
Kaiser Coal Corporation is a wholly-owned subsidiary of Kaiser Steel Corporation. Kaiser Coal Corporation holds assets sufficient to meet the requirements of UMC 800.23 without the parent corporation guarantee discussed at UMC 800.23C.

Kaiser Coal Corporation meets the requirements of UMC 800.23D. as set forth in the attached financial statement.

Upon written notification by the Division of acceptance of Kaiser Coal Corporation's self-bond, the Company will enter into an indemnity agreement meeting the requirements of UMC 800.23E.

Thank you for your assistance in this matter. Please contact me if the Division has further questions concerning this matter.

Very truly yours,



Jeffrey C. Collins, Esq.  
Associate General Counsel  
Kaiser Coal Corporation

JCC:jk

cc: Dr. Dianne R. Nielson  
Pamela G. Littig  
Charles S. McNeil  
Charles McGlothlin  
Douglas Pearce

Kaiser Coal Corporation  
Balance Sheet (Unaudited)  
(Thousands of Dollars)

29-May-85

March 31, 1985				
	Pro Forma Adjustments		December 31, 1984	
	Historical	Add(Deduct)	Pro Forma	
<b>Current Assets:</b>				
Accounts receivable.....	\$10,928		\$10,928	\$10,205
Inventories.....	5,268		5,268	2,452
Other current assets.....	2,887		2,887	948
Total current assets.....	19,083	0	19,083	13,605
Property, plant and equipment.....	317,304		317,304	319,491
Other assets.....	14,010	900	14,910	13,435
	\$350,397	\$900	\$351,297	\$346,531
<b>Current Liabilities:</b>				
Current portion of long-term debt.....	\$415	\$6,000	\$6,415	\$513
Accounts payable.....	3,378		3,378	2,124
Payroll and related charges.....	5,065		5,065	4,110
Other current liabilities.....	1,433		1,433	901
Total current liabilities.....	10,291	6,000	16,291	7,646
Long-term debt.....	2,072	54,000	56,072	1,924
Accrued medical, black-lung and workman's compensation benefits.....	20,619		20,619	20,876
Total liabilities.....	32,982	60,000	92,982	30,448
<b>Stockholders' equity:</b>				
Common stock, \$1 Par Value, 2,000 shares authorized.....	2		2	2
Paid in capital.....	317,413	(59,100)	258,313	316,081
Total stockholders' equity.....	317,415	(59,100)	258,315	316,083
	\$350,397	\$900	\$351,297	\$346,531
<b>Utah Self-Insurance Requirements:</b>				
Total net worth greater than or equal to \$10 million.....	317,415		258,315	316,083
Ratio of total liabilities to net worth less than or equal to 2.5.....	0.10		0.36	0.10
Ratio of current assets to current liabilities greater than or equal to 1.2.....	1.85		1.17	1.78
Fixed assets greater than or equal to \$20 million.....	68,960		68,960	70,810